

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE 11– LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

King County is legally responsible for closure and post-closure care costs associated with the County's solid waste landfills. Estimated costs of closure and post-closure care are recognized as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in current dollars. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

State and federal laws and regulations require King County to place a final cover on its Cedar Hills and Vashon landfill sites when the County stops accepting waste at these sites. Performance of certain maintenance and monitoring functions are also required at the sites for 30 years following closure. (Enumclaw, Hobart, Duvall, and Cedar Falls landfills have been covered. Puyallup, Houghton, Bow Lake, First Northeast, and South Park are custodial landfills which were covered 30 or more years ago, and are no longer subject to the laws and regulations.)

Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these costs as an operating expense in each period. The expense is based on landfill capacity used as of each balance sheet date. The \$95.3 million reported as landfill closure and post-closure care liability at December 31, 2002, represents the cumulative amount reported to date based on the percentage use of the landfills as follows:

<u>Landfill</u>	<u>Percent Filled</u>	<u>Estimated Liability (in millions)</u>	<u>Estimated Remaining Liability (in millions)</u>	<u>Estimated Year of Closure</u>
Cedar Hills	73%	\$ 57.7	\$ 26.8	2012
Vashon	100%	14.3	-	-
Covered	100%	13.8	-	-
Custodial	100%	9.5	-	-

The County is required by state and federal laws and regulations to make annual contributions to a reserve fund to finance closure and post-closure care. The County is in compliance with these requirements. As of December 31, 2002, cash and cash equivalents of \$28.5 million were held in the Landfill Reserve Fund, which is reported as restricted assets on the balance sheet. In addition, cash and cash equivalents of \$32.0 million were held in the Landfill Post-closure Maintenance Fund, which is a fund designated by management for these purposes.

The County expects future inflation cost will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate, or additional post-closure care requirements are determined (due to changes in technology or regulations), these costs may need to be covered by charges to future landfill users or from future tax revenues.

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**NOTE 11– CONTINUED**

The County also established the Environmental Reserve Fund for future investigation and possible remediation of custodial landfills. Cash and cash equivalents total \$1.7 million in this fund. The related estimated liability for the custodial landfill costs is \$49,978. This estimate includes only those costs that are reasonable and quantifiable and for which schedules may be forecast.

The total restricted assets including those related to post-closure care costs are as follows:

\$ 46,683,858	<u>Solid Waste Landfill Reserve Sub-fund</u> – Established to provide for facility relocation, closure, post-closure maintenance, and replacement costs at the Cedar Hills and Vashon landfills. Funding has consisted of a disposal fee rate factor, presently \$10.75 per ton.
1,728,019	<u>Environmental Reserve Sub-fund</u> – Established to provide for remediation costs related to closed and abandoned landfill sites which the King County Solid Waste Division owns, or has custodial responsibility for, and for costs related to inverse condemnation claims that result from King County solid waste activities.
13,045,777	<u>Solid Waste Capital Equipment Recovery Sub-fund</u> – Established to support the equipment owned by the Solid Waste Division and to ensure that adequate reserves are available to replace equipment when it has reached the end of its useful life. Funding is from annual transfers from the Solid Waste Operating Fund.
25,508,564	<u>Solid Waste Construction Sub-funds</u> – Established in 1993 to provide for the acquisition and development of solid waste capital improvements. Funding sources include transfers from the operating fund and general obligation bond issues, which are accounted for in separate sub-funds.
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\$ 86,966,218	Total Solid Waste restricted assets.

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